

From: Darrell Whitis
To: int:SWIDLAW.COM:PWGarnett
Date: 5/14/99 10:01am
Subject: KMC Telecom III, Inc. Docket #99-00211

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OFFICE OF THE SECRETARY
EXECUTIVE SECRETARY

Mr. Garnett:

The TRA received your E-mail dated 5/13/99 @ 5:19p.m. concerning the Shareholder Equity negative account balance.

Your E-mail addressed the issue of \$315,000,000 of long term debt funding KMC III operations until the company obtains a positive net income as projected in the year 2003 in the amount of \$41,360,000. Your projected financial statements reflect \$161,961,000 of long term debt and \$380,495,000 of Intercompany debt.

- 1) The TRA requests the detailed breakdown of the long term debt and the intercompany debt. Which companies' lent money to KMC Telcom III Holdings, Inc. for the intercompany debt account?
- 2) In addition, your E-mail mentioned \$315,000,000 of long term debt available to fund KMC III's operations. Is this \$315,000,000 how KMC Telecom III Holdings, Inc.'s obtained \$314,631,000 in cash and cash equivalents for the 1999 projected balance sheet?

If any questions concerning this E-mail, please contact our office at 615/741-2904 (Ext. 132).

CC: AA04006, AA01009